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S E C R E T BERN 000514

DEPT FOR ISN/MTR (J.P.HERRMANN), NEA/IR, EUR/PRA, AND EUR/AGS (Y.SAINT-ANDRE)

E.O. 12958: DECL: 10/06/2033

TAGS: PARM MTCRE MNUC ETTC MY IR SZ

SUBJECT: (S) MALAYSIAN-BASED SUPPLIER TO IRAN SEEKS CRYSTAL OSCILLATORS FROM SWISS FIRM: SWISS RESPONSE

REF: STATE 101519

Classified By: POL/E Counselor Richard A. Rorvig; reasons 1.4(b), (c), and (d).

- 11. (U) Poloff delivered the nonpaper in reftel on September 25 to Rolf Stadler, Acting Head of the Export Controls and Sanctions Policy Division at the State Secretariat for Economic Affairs (SECO). Pierre-Andre Farine, Acting Head of the SECO Export Control Licensing Division, joined Stadler in the meeting.
- 12. (S) On October 1, Juergen Boehler, Head of SECO's Export Control Licensing Division, provided poloff interim results of the Swiss government's investigation in response to the USG's information (reftel) that the Iranian-run, Malaysian-based procurement firm Evertop Services was working to acquire crystal oscillators from Swiss company Quartzcom AG, and that Evertop has a history of procurement on behalf of Iranian end-users of proliferation concern. Boehler said that the Swiss government is still investigating the case, but that SECO has temporarily halted a shipment of 3,000 crystal oscillators by Quartzcom AG, pending completion of the investigation. He said that SECO also has imposed a catchall license requirement on Quartzcom AG for any exports to Malaysia, and requested a list of all end-users for the crystal oscillators sought by Evertop. Boehler confirmed that Evertop is not the intended end-user for the oscillators. He added that the Swiss manufacturer has informed SECO that the crystal oscillators in question are not suitable for use in missiles.
- 13. (S) Boehler further reported that Quartzcom, with SECO approval, has been exporting to an end-user in the telecommunications field in Iran. He added that, while the Iranian end-user thus far appeared to be a "reliable" company, SECO was reviewing the matter. More generally, Boehler remarked informally that he is becoming increasingly concerned about Malaysia as a trans-shipment venue for items of proliferation concern. CARTER

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